

# Tolls, Tariff, Facilities & Procedures Committee

## Resolution T2008-02: Supply/Demand Balancing Review

### Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to amend the NOVA Gas Transmission Ltd. (NGTL) Gas Transportation Tariff, as attached, to allow for Supply / Demand Balancing Changes.

A summary of the changes is as follows:

#### Communication

- When a linepack concern is identified or anticipated, notice will be sent through NrG Highway and Auto Paging.
- A direct link to the Alberta System Report from the Supply/Demand Module will be provided.
- When there is a severe weather forecast, TransCanada will send an advance reminder through NrG Highway and Auto Paging.

#### Tolerance Changes

- TransCanada will implement additional tolerance change levels. The additional tolerance levels will be -3/+4; -2/+4; -1/+4; -3/+3; -2/+3; -1/+3; -3/+2; -2/+2; -1/+2; -3/+1; -2/+1; -1/+1. TransCanada will be more inclined to use tolerance changes, particularly minor tolerance changes to proactively indicate a potential issue which may decrease the need for a major tolerance change.

#### Storage, OBAs, and NGX

- Storage operators will receive notifications identified in the Communication section above.
- TransCanada and Stakeholders will work with Storage operators to facilitate later withdrawal nomination windows, particularly on weekends.
- On a reasonable efforts basis, TransCanada will work with connected pipeline operators and storage operators to manage OBAs in a linepack draft situation within the confines of the Code of Conduct.
- TransCanada and Stakeholders will work with NGX to facilitate later trading, particularly on weekends.

#### Discretion

- When a 0/+4 tolerance change has been declared, discretionary volumes will be limited to -600 TJs. The -600 TJs will be allocated to customers with receipts prorata, based on the previous months' average daily field receipts.

#### Review

- The TTFP will review this each spring for three years and as necessary thereafter.

### Background

On Sunday, January 27, 2008, the temperature in Alberta dropped significantly. As a result, intra-Alberta market requirements increased by 897 MMcfd while field receipts declined by 697 MMcfd. Overall, system linepack drafted by 1.3 Bcf from Sunday morning to Monday morning. Shippers utilized -800 TJ of balance zone flexibility and an additional -400 TJ of discretion was used. On Monday morning, inventories outside of their allowable balance zone totalled -125 TJ.

During this time, linepack reached critically low levels and the system operating pressures dropped considerably in areas of the system, putting system deliveries at risk. The current Supply / Demand Balancing procedures were unable to provide a timely physical response to the events on this day.

TransCanada made the TTFP aware of its concerns related to this event and its belief that, without changes, there was a greater potential for similar situations in the future as supply is shifting northward to more remote locations, making wells more susceptible to freeze off and more difficult to access.

As a result, the TTFP agreed to a Business Process Task Force Supply/Demand Balancing review with the objective that TransCanada be given the tools to address a linepack draft situation in a timely and efficient manner. An additional objective was that TransCanada continue to offer maximum shipper flexibility while ensuring safe operations that meet market needs.

### **Next Steps**

TransCanada will file the resolution and Tariff amendments with the Alberta Utilities Commission (AUC). Pending approval by the AUC, the Supply/Demand Procedure changes will be implemented as soon as possible after approval.

**APPENDIX “D”**  
**TO**  
**GAS TRANSPORTATION TARIFF**  
**OF**  
**NOVA GAS TRANSMISSION LTD.**

**TERMS AND CONDITIONS RESPECTING**  
**CUSTOMER’S INVENTORIES AND RELATED MATTERS**

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**1.0 DEFINITIONS**

**1.1** Capitalized terms used in this Appendix have the meanings attributed to them in the Tariff unless otherwise defined in this Appendix.

In this Appendix:

**1.2** “Balanced Zone” shall mean for each Day, subject to Articles 6.0 and 7.0, the range of a Customer’s Inventory between the amounts determined as follows:

- (i) the positive value of the greater of:
  - (a) two (2) TJ’s; or
  - (b) the sum of:
    - (I) four (4) percent of the quotient obtained when the sum of the Total Quantity for all Receipt Points in the Billing Month for a Customer (excluding all Total Quantity in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month; and
    - (II) four (4) percent of the quotient obtained when the sum of the Total Quantity for all Delivery Points in the Billing Month for a Customer (excluding all Total Quantity in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month; and

(ii) the negative value of the amount determined in subparagraph 1.2(i).

**1.3** “Daily Plan” shall mean the written plan Customer shall provide to Company which shall set out all information on how Customer will comply with this Appendix, including all known or anticipated changes to Customer’s Inventory for the Day.

**1.4** “NIT List” shall mean the list provided to Company by Customer, of at least 10 active title transfers of Customer’s Inventory excluding title transfers between:

(i) agency accounts;

(ii) affiliates; and

(iii) Customers whose marketing and management services are provided by the same entity.

**1.5** “Pipeline Tolerance Level” shall mean the quantity of linepack in the Facilities determined by Company from time to time to enable the optimum operation of the Company’s Facilities.

**1.6** “Total Quantity” shall mean the aggregate energy calculated for a Billing Month for a Receipt Point or a Delivery Point.

## **2.0 DELIVERY NOMINATIONS**

**2.1** Company may refuse to accept an increase in a Nomination placed on behalf of a Customer at any of Customer's Delivery Points unless two (2) hours prior to the time that such Nomination is to take effect Company has been able to confirm through Common Stream Operators that:

- (i) the aggregate of the Flows at all of Customer's Receipt Points will equal the aggregate of the Flows at all of Customer's Delivery Points when the increase in Nomination takes effect; and
- (ii) Customer will have gas available to meet the Customer's receipt Nominations at all of Customer's Receipt Points when the increase in Nomination takes effect.

## **3.0 DETERMINATION AND ALLOCATION OF FLOWS**

**3.1** Company will determine and allocate Flows at Receipt Points and Delivery Points in the following manner:

- (i) Flow at a Receipt Point will be determined as follows:
  - (a) Company will obtain an estimate of the Flow at a Receipt Point from the Common Stream Operator, if available, and will verify, or revise if deemed necessary by Company, the information obtained based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, based on Company's estimate made by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.

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- (b) If an estimate of the Flow at a Receipt Point is unavailable from the Common Stream Operator for any reason, Company will estimate the Flow based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.
  - (ii) Flow at a Receipt Point will be allocated to each Customer at a Receipt Point based on the allocation made by the Common Stream Operator, if available, or, if for any reason an allocation for any Customer is unavailable from the Common Stream Operator, in the same proportion as the Customer's Nomination at the Receipt Point is of the aggregate of all Nominations for all Customers at the Receipt Point.
  - (iii) Flow at a Delivery Point will be estimated based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.
  - (iv) Flow at a Delivery Point will be allocated to each Customer at a Delivery Point in the same proportion as such Customer's Nomination at the Delivery Point is of the aggregate of all Nominations for all Customers at the Delivery Point.

**3.2** Company will determine and allocate Total Quantity at Receipt Points and Delivery Points as follows:

- (i) Total Quantity at Receipt Points for a Billing Month will be determined based on final measurement data obtained by Company in the month following the Billing Month.

- (ii) Total Quantity at a Receipt Point for a Billing Month will be allocated by the Common Stream Operator to each Customer receiving Service at the Receipt Point during the Billing Month.
- (iii) Total Quantity at Delivery Points for a Billing Month will be determined based on final measurement data obtained by Company in the month following the Billing Month.
- (iv) Total Quantity at a Delivery Point for a Billing Month will be allocated to each Customer receiving Service at the Delivery Point during the Billing Month in the same proportion as such Customer's Nomination at the Delivery Point is of the aggregate of all Nominations for all Customers at the Delivery Point.

**3.3** Company's determinations and allocation of Flows and Total Quantity at Receipt Points and Delivery Points, made in accordance with these terms and conditions, will be conclusive and binding on Customers for the purposes of any action taken by Company pursuant to these terms and conditions or any provision contained within the Tariff.

#### **4.0 DAILY BALANCED ZONE REQUIREMENTS**

**4.1** On each Day Customer shall ensure that such Customer's Inventory shall be within the Balanced Zone at the end of such Day. Customer shall have until 10:30 MST on the following Day to get Customer's Inventory within the Balanced Zone. It is the Customer's responsibility to monitor Customer's Inventory and balancing requirements utilizing the information tools provided by Company. Company may on any Day request Customer to provide a Daily Plan and Customer shall provide such Daily Plan to Company on or before 16:00 hours (Calgary clock time) on such Day.

**4.2** If Customer fails to comply with paragraph 4.1 on any Day, Company, to the extent necessary to ensure compliance with paragraph 4.1, may:



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- (i) Cancel prior to the end of the next Day all or a portion of any title transfer(s) set out in NIT List. If Customer has not provided Company with a NIT List, Company shall be entitled to randomly select which title transfer(s) shall be reduced and/or cancelled to ensure Customer's Inventory is within Customer's Balanced Zone, commencing with the shortest term title transfer(s) and excluding title transfers between:
- (a) agency accounts;
  - (b) affiliates; and
  - (c) Customers whose marketing and management services are provided by the same entity.

Any title transfer(s) selected by Company to balance a Customer's Inventory with a term longer than one day shall be deemed to be cancelled for the balance of that term. After such cancellation, Company shall use reasonable efforts to contact and advise Customer and the counter party to the title transfer that all or a portion of the title transfer has been cancelled;

- (ii) Decrease Customer's current Day Nominations; and
- (iii) Decrease Customer's allocations received from the Common Stream Operator to match current Day Nominations.

**4.3** If Customer fails to comply with paragraph 4.1, and Company fails to obtain Customer compliance of paragraph 4.1 by virtue of implementing paragraph 4.2 for three (3) consecutive Days, Company, in addition to any other remedy it may have, shall be entitled to suspend on two (2) hours written notice to Customer:

- (i) All or a portion of Service to such Customer, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company; and
- (ii) Customer's access to any electronic tool that allows Customer to transact business on Company's Facilities, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company.

## **5.0 DISCRETION**

**5.1** For any Day, other than a Day when subparagraph 6.1(ii) applies, a Customer's Inventory may be outside the Balanced Zone by an amount equal to the sum of the following:

- (i) The difference between the estimated extrapolated physical receipt flow at 16:00 (Calgary clock time) and the finalized physical receipt quantity at the end of such Day;
- (ii) The difference between the forecasted extraction quantities as provided to Company by the Extraction Plants, at 16:00 (Calgary clock time) and the extraction quantities as provided to Company by the Extraction Plants, at the end of such Day;
- (iii) Historical changes that are applied by Company to Customer's Inventory during the Day; and

- (iv) Net change for such Day to a border delivery nomination between the requested quantity and allowable quantity when Company implements a border delivery restriction and notification of such restriction to Customer occurs after 16:00 (Calgary clock time).

Provided however, Customer shall cause Customer's Inventory to be within the Balanced Zone by the end of the Day following such Day.

**5.2** For any Day when subparagraph 6.1(ii) applies, a Customer's Inventory may be outside of such Balanced Zone not to exceed the Amount determined as follows:

$$A = (B / C) * D$$

Where:

"A" = Amount

"B" = the quotient obtained when the sum of the Total Quantity for all Receipt Points in the Billing Month for a Customer (excluding all Total Quantity in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month

"C" = the quotient obtained when the sum of the Total Quantity for all Receipt Points in the Billing Month for all Customers (excluding all Total Quantity in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month

"D" = - 600 TJ

**5.25.3** If Customer fails to comply with paragraph 5.1 or 5.2, Company may implement the remedies set out in subparagraphs 4.2 (i), (ii), and (iii). If Customer fails to comply with paragraph 5.1 or 5.2 for three consecutive Days, Company may implement the remedies in subparagraphs 4.3(i) and (ii).

## 6.0 CHANGES TO PIPELINE TOLERANCE LEVEL

6.1 Company may from time to time change the Pipeline Tolerance Level, which shall result in the following changes to Customer's Balanced Zone:

(i) If Company determines the Pipeline Tolerance Level needs to be adjusted the Customer's Balanced Zone:

(a) Shall not be outside of the range determined in subparagraph 1.2;

(b) The maximum value of the range shall be positive and in whole percentage increments; and

(c) The minimum value of the range shall be negative and in whole percentage increments; or

(ii) If Company determines the Pipeline Tolerance Level needs to be increased, the Customer's Balanced Zone shall be between zero and the amount determined in subparagraph 1.2(i); ~~or~~

(iii) If Company determines the Pipeline Tolerance Level needs to be decreased, the Customer's Balanced Zone shall be between zero and the amount determined in subparagraph 1.2(ii);

6.2 If on any Day Company changes the Pipeline Tolerance Level prior to 12:00 hours (Calgary clock time) Customer's Inventory must be within Customer's changed Balanced Zone by the end of such Day.

6.3 If on any Day Company changes the Pipeline Tolerance Level on or after 12:00 hours (Calgary clock time) the changed Pipeline Tolerance Level shall be effective at the start of the next Day and Customer's Inventory must be within Customer's changed Balanced Zone by the end of such next Day.

**6.4** Notwithstanding paragraphs 6.2 and 6.3 Customer shall continue to comply with paragraph 4.1.

**6.5** If an ERC Event (as defined in Appendix "G" of the Tariff) or Force Majeure (as set out in Article 12.0 of the General Terms & Conditions of the Tariff) occurs, and Company determines, in its sole discretion, that the Pipeline Tolerance Level must be changed for the safe and effective operation of the Facilities, Company may, notwithstanding paragraphs 6.2 and 6.3, immediately change the Pipeline Tolerance Level to a level determined by Company. Customer's Inventory shall be within Customer's changed Balanced Zone within twenty-four (24) hours from the effective time of the revised Pipeline Tolerance Level as posted by Company on its electronic bulletin board.

## **7.0 NIT ONLY CUSTOMERS**

**7.1** Notwithstanding anything contained in this Appendix, a Customer who does not have any physical receipt quantities or any physical delivery quantities, excluding Total Quantity in relation to storage facilities, shall not be entitled to a Balanced Zone and must balance to zero (0) at the end of each Day.

**7.2** If on any Day, Company determines such Customer did not balance to zero (0) at the end of such Day, Company shall be entitled to cancel all or a portion of any title transfer(s) set out in NIT List, as Company determines necessary to ensure Customer balances to zero (0). If Customer has not provided Company with a NIT List, Company shall be entitled to randomly select which title transfer(s) shall be cancelled and/or reduced, commencing with the shortest term of title transfer(s) and excluding title transfers between:

(a) agency accounts;

(b) affiliates; and

- (c) Customers whose marketing and management services are provided by the same entity.

Any title transfer(s) selected by Company to balance a Customer's Inventory with a term longer than one day, shall be deemed to be cancelled for the balance of that term. After such cancellation, Company shall use reasonable efforts to contact and advise the Customer and the counter party to the title transfer that all or a portion of the title transfer has been cancelled.

**7.3** If Customer fails to comply with paragraph 7.1 for three (3) consecutive Days, Company, in addition to any other remedy it may have, shall be entitled to suspend on two (2) hours written notice to Customer:

- (i) All or a portion of Service to such Customer, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company; and
- (ii) Customer's access to any electronic tool that allows Customer to transact business on Company's Facilities, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company.

## **8.0 ADMINISTRATION OF CUSTOMER'S INVENTORIES AT MONTH END**

**8.1** On one (1) occasion each month Company, using the Total Quantity and allocation of Total Quantity for each of Customer's Receipt Points and Delivery Points on the pipeline system, will determine Customer's Inventory for each Customer receiving Service in the Billing Month. Company's monthly determination of Customer's Inventory will incorporate the revision of any allocation of Flow provided to Company in respect of any prior period and the reallocation of the Flow among Customers.

**8.2** Company will notify a Customer if such Customer's Inventory is negative. A Customer may reduce such negative amount through one (1) or a series of inventory transfers carried out in accordance with Company's Terms and Conditions Respecting Title Transfers. If Customer does not reduce such negative Customer's Inventory through title transfers then such negative amount shall be subtracted from Customer's Inventory each Day at a rate equivalent to the greater of:

(i) the absolute value of one thirtieth ( $1/30^{\text{th}}$ ) of such negative amount; and

(ii) 100 GJ.

**8.3** Company will notify Customer if such Customer's Inventory is positive. A Customer may reduce such positive amount through one (1) or a series of inventory transfers carried out in accordance with Company's Terms and Conditions Respecting Title Transfers. If Customer does not reduce such positive Customer's Inventory through title transfers then such positive amount shall be added to Customer's Inventory each Day at a rate equivalent to the greater of:

(i) one thirtieth ( $1/30^{\text{th}}$ ) of such amount; and

(ii) 100 GJ.

## **9.0 CUSTOMER'S RESPONSIBILITY**

**9.1** Customer is responsible to comply with this Appendix twenty four (24) hours a Day, even if Company is unable to contact Customer on such Day.